

1 **Rule 5.4. Professional Independence of a Licensed Paralegal Practitioner.**

2 (a) A licensed paralegal practitioner or firm of licensed paralegal practitioners shall not share
3 legal fees with a non-lawyer or a non-licensed paralegal practitioner, except that:

4 (a)(1) an agreement by a licensed paralegal practitioner with the licensed paralegal
5 practitioner's firm, partner or associate may provide for the payment of money, over a reasonable
6 period of time after the licensed paralegal practitioner's death, to the licensed paralegal
7 practitioner's estate or to one or more specified persons;

8 (a)(2)(i) a licensed paralegal practitioner who purchases the practice of a deceased, disabled
9 or disappeared licensed paralegal practitioner may, pursuant to the provisions of Rule 1.17, pay
10 to the estate or other representative of that licensed paralegal practitioner the agreed-upon
11 purchase price; and

12 (a)(2)(ii) a licensed paralegal practitioner who undertakes to complete unfinished legal
13 business of a deceased licensed paralegal practitioner may pay to the estate of the deceased
14 licensed paralegal practitioner that proportion of the total compensation which fairly represents
15 the services rendered by the deceased licensed paralegal practitioner; and

16 (a)(3) a licensed paralegal practitioner or firm of licensed paralegal practitioners may
17 include non-lawyer and non-licensed paralegal practitioner employees in a compensation or
18 retirement plan, even though the plan is based in whole or in part on a profit-sharing
19 arrangement.

20 (b) A licensed paralegal practitioner shall not form a partnership with a non-lawyer or non-
21 LPP if any of the activities of the partnership consist of the practice of law.

22 (c) A licensed paralegal practitioner shall not permit a person who recommends, employs or
23 pays the licensed paralegal practitioner to render legal services for another to direct or regulate
24 the licensed paralegal practitioner's professional judgment in rendering such legal services.

25 (d) A licensed paralegal practitioner shall not practice with or in the form of a professional
26 corporation or association authorized to practice law for a profit, if:

27 (d)(1) a non-lawyer or non-licensed paralegal practitioner owns any interest therein, except
28 that a fiduciary representative of the estate of a licensed paralegal practitioner may hold the stock
29 or interest of the licensed paralegal practitioner for a reasonable time during administration;

30 (d)(2) a non-lawyer or non-licensed paralegal practitioner is a corporate director or officer
31 thereof or occupies the position of similar responsibility in any form of association other than a
32 corporation; or

33 (d)(3) a non-lawyer or non-licensed paralegal practitioner has the right to direct or control the
34 professional judgment of a licensed paralegal practitioner.

35 (e) A licensed paralegal practitioner may practice in a non-profit corporation which is
36 established to serve the public interest provided that the non-lawyer or non-licensed paralegal
37 practitioner directors and officers of such corporation do not interfere with the independent
38 professional judgment of the licensed paralegal practitioner.

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40 Comment

41 [1] The provisions of this Rule express traditional limitations on sharing fees. These limitations
42 are to protect the licensed paralegal practitioner's professional independence of judgment. Where
43 someone other than the client pays the licensed paralegal practitioner's fee or salary, or
44 recommends employment of the licensed paralegal practitioner, that arrangement does not
45 modify the licensed paralegal practitioner's obligation to the client. As stated in paragraph (c),
46 such arrangements should not interfere with the licensed paralegal practitioner's professional
47 judgment.

48 [2] The rule also expresses traditional limitations on permitting a third party to direct or regulate
49 the licensed paralegal practitioner's professional judgment in rendering legal services to another.
50 See also Rule 1.8(f) (licensed paralegal practitioner may accept compensation from a third party
51 as long as there is no interference with the licensed paralegal practitioner's independent
52 professional judgment and the client gives informed consent).

53 [2a] Reserved.